**IN THE CLAIMS:**

1.-25. (Cancelled)

26. (Currently Amended) A picture decoding method for decoding a bitstream, said method comprising:

decoding a coded picture included in the bitstream to obtain a decoded picture, using a decoding unit, the decoded picture having film grains;

5      filtering the decoded picture to obtain a filtered picture, using a filter, the filtered picture removing the film grains of the decoded picture;

extracting, using a demultiplexing unit, filtering application information from the bitstream, the filtering application information specifying a picture and indicating which one of: the decoded picture before the filtering and the filtered picture after the filtering, is outputted for

10      a display process as ~~for~~ the specified picture ~~and pictures following the specified picture~~ wherein the filtering application information indicates outputting the decoded picture with the film grains when film grain quality is not to be degraded; and

storing~~, in a memory,~~ the filtered picture ~~after the filtering~~ as a reference picture in a memory by using a storing unit, the filtered picture for decoding another picture~~, using a~~

15      ~~storing unit,~~; and

outputting the decoded picture ~~before the filtering~~, using an outputting unit, in the case where the filtered picture ~~after the filtering~~ is the reference picture and the filtering application information indicates the decoded picture ~~before the filtering~~ is outputted for the display process ~~for the specified picture and the pictures following the specified picture~~.

27.     (Currently Amended) The picture decoding method according to Claim 26, further comprising:

storing, in the memory, the filtered picture as a reference picture for decoding another picture; and

5          outputting the filtered picture, in the case where the filtered picture is the reference picture and the filtering application information indicates the filtered picture is outputted for the display process.

28.     (Previously Presented) The picture decoding method according to Claim 26,

wherein the filtering application information is applied for the specified picture and each picture following the specified picture.

29.-31. (Cancelled)

32.     (Currently Amended) A picture decoding apparatus for decoding a bitstream, said apparatus comprising:

a decoding unit operable to decode a coded picture included in the bitstream to obtain a decoded picture;

5          a filter operable to filter the decoded picture to obtain a filtered picture;

a demultiplexing unit operable to extract filtering application information from the bitstream, the filtering application information specifying a picture and indicating which one of: the decoded picture before filtering having film grains and the filtered picture after filtering without film grains, is outputted for a display process as the specified picture;

10         a storing unit operable to store, in a memory, the filtered picture without film grains as a reference picture for decoding another picture; and

an outputting unit operable to output the decoded picture <u>having film grains</u>, in the case where the filtered picture <u>without film grains</u> is the reference picture and the filtering application information indicates the decoded picture <u>having film grains</u> is outputted for the

15    display process <u>when film grain quality is not to be degraded,</u>

wherein the filtering application information ~~is applied for~~ <u>determines</u> the specified picture and each picture following the specified picture.

33.    (Currently Amended)  The picture decoding apparatus according to claim 32,

wherein said outputting unit is further operable to output the filtered picture <u>without film grains</u>, in the case where the filtered picture <u>without film grains</u> is the reference picture and the filtering application information indicates the filtered picture <u>without film grains</u>

5    is outputted for the display process.

34.    (Cancelled)

35.    (New) A picture decoding apparatus comprising:

a decoding unit for decoding an unfiltered picture to create a first version of the picture;

a filtering unit for filtering the decoded, unfiltered picture to create a second version of the picture;

5    a memory for storing the first version of the picture and the second version of the picture as a reference picture; and

an output unit configured to selectively output pictures based upon a filter application designation, the filter application designation including an option, the option being selected from a list of options, comprising:

10        a first option corresponding to outputting the first version of the picture and all other unfiltered pictures in a stream,

a second option corresponding to outputting the second version of the picture and all other filtered pictures in a stream,

a third option corresponding to outputting only the first version of the picture, and

15        a fourth option corresponding to outputting only the second version of the picture.

36.    (New) The apparatus of claim 35, the filter application designation further includes a specified picture, and wherein the list of options further comprises:

a fifth option corresponding to outputting an unfiltered version of each picture following the specified picture; and

5        a sixth option corresponding to outputting a filtered version of each picture following the specified picture.